

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
BISMARCK, ND 58502**

March 24, 2003

SUBJECT: Specifications for 504 Loan and Grant Repairs

TO: All Rural Development Field Offices in North Dakota

PURPOSE/INTENDED OUTCOME:

The purpose of this North Dakota Administrative Notice (AN) is to provide guidance in developing detailed and comprehensive repair specifications that are clear, understandable, and will assist the applicant in obtaining adequate cost estimates.

In order to accomplish this, a Repair Specification Worksheet has been developed which is to become part of each borrower's case file.

COMPARISON WITH PREVIOUS AN:

This AN replaces ND AN No. 1355 which has expired.

IMPLEMENTATION/RESPONSIBILITIES:

Planning construction repairs and obtaining technical services in connection with the work to be done is the sole responsibility of the applicant. However, it is also the responsibility of the Rural Development Manager, or Community Development Manager to provide assistance as necessary to assure the repair work is properly planned in order to protect Rural Development's security.

It is very difficult to obtain acceptable specifications for repair work in many rural areas. Repair specifications are generally not well understood by the average Section 504 applicant, and often are not given sufficient attention by the contractor.

Adequate repair specifications are essential to ensure that a complete understanding will be reached between the applicant, contractor and the agency regarding the repair work to be accomplished. Adequate repair specifications will assist greatly in achieving a suitable, sound development and will also assist the borrower in obtaining competitive cost estimates.

EXPIRATION DATE:
April 30, 2004

FILING INSTRUCTIONS:
Following RD Instruction 1924-A

In order to assist the applicant to obtain adequate specifications, the attached Repair Specification Worksheet of the most common repair items experienced, has been developed. It follows a language that will assist the applicant, contractor and the agency in having a clear understanding of the work to be performed and the quality of workmanship expected.

Space has been provided for adding specifications for repairs not already included. The language of any additional specifications must follow the language established. All additional specifications must be sufficiently descriptive and completed to avoid any misunderstanding as to extent, kind, and quality of the repair work to be performed.

The attached Repair Specification Worksheet will be provided and used by all applicants obtaining a Section 504 loan or grant. The use of the Repair Specification Worksheet is required and must become a permanent part of the borrower's case file.

The applicant selects the contractor. All repair work must be performed by a person, firm or organization qualified to provide the service. Experienced and reliable contractors are required.

All repair work is to be planned to conform to good construction practices and conform to applicable laws, ordinances, codes and regulations.

Development work must start as soon as feasible after the loan is closed.

The borrower is responsible for making inspections necessary to protect their own interest. Inspections made by the agency are not to assure the borrower that the repairs are completed in accordance with the specifications. Agency inspections are for the dual purpose to determine that the agency has adequate security for the loan and is achieving the statutory goal of providing adequate housing.

/s/ Clare A. Carlson

Clare A. Carlson
State Director

Attachment